



Half year result

Michael Stiasny, Chairman

Simon Mackenzie, CEO

Chris Gallaher, CFO (acting)

14 February 2008

Checklist

- Results summary
- Health chart
- Key developments
- Financial details
- Summary & outlook
- Questions

Results summary

Six months ended 31 December

\$millions	2007	2006	% Change	2006/07 Full Year
Revenue	689.2	690.2	-0.1	1,307.1
EBITDA	332.1	331.8	+0.1	605.3
EBIT	255.4	263.7	-3.1	458.6
NPAT	90.7	110.6	-18.0	233.3



CEO update

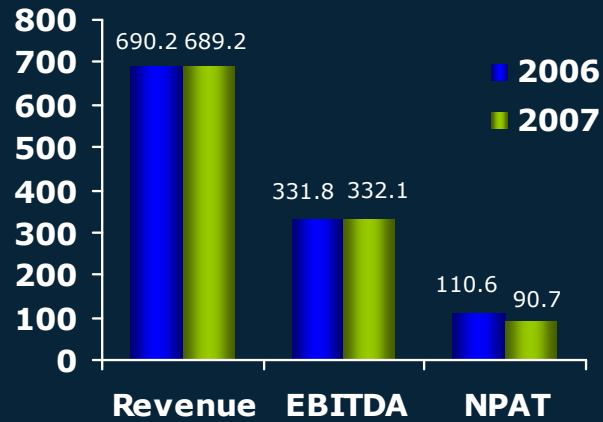
Simon Mackenzie

Health chart

Six months ended 31 December

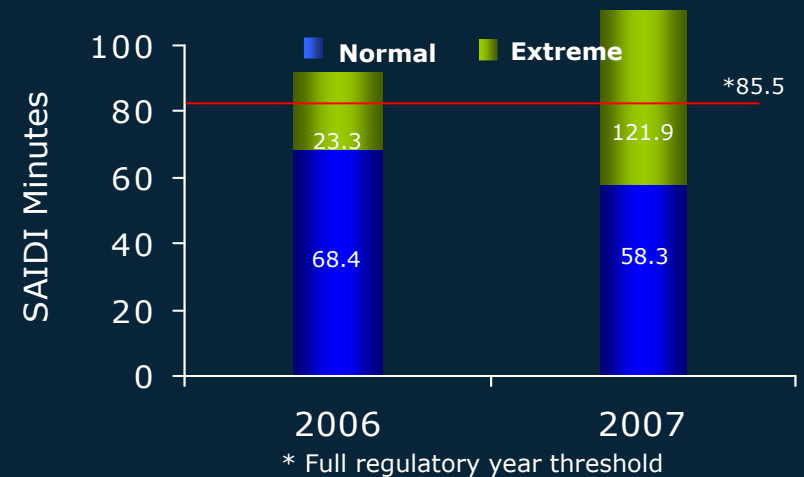


Earnings (\$m)

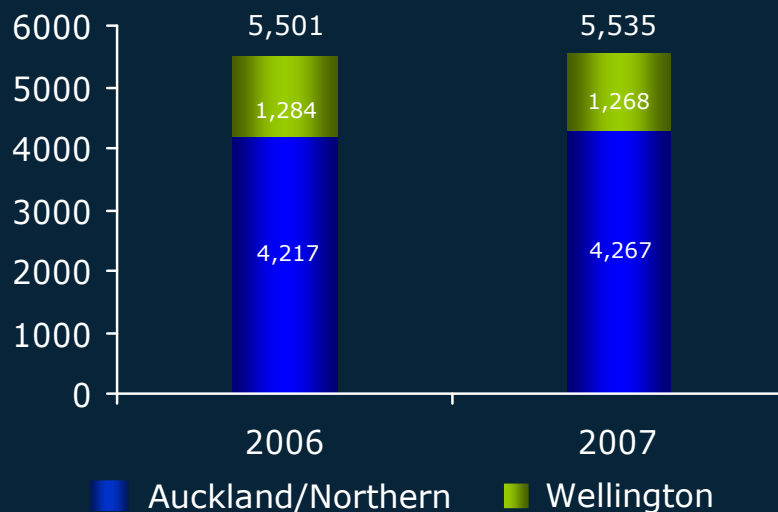


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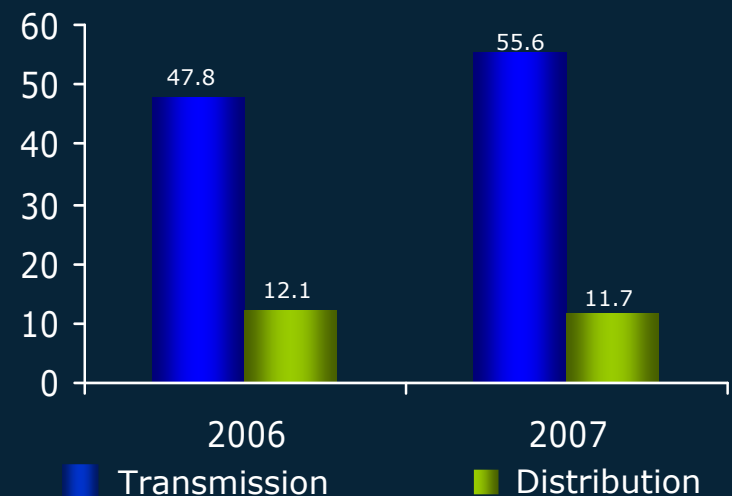
Regulatory Year - 9 months to 31 December



Electricity throughput (GWh)



Gas throughput (PJ)



Key developments

- Refinancing update
- Vector Communications
- Metering update
- Regulatory update
- Security of supply

Refinancing update

- Debt in line with large infrastructure company peers
- Key issue not quantum but timing / maturity
- Actively exploring options for refinancing (domestic and international)
- Approach is to reshape debt profile at best available cost
- Key determinant is state of debt markets

Vector Communications

- Announcement today – Vodafone partnering as flagship customer
- Build of over 300km of core fibre optic network
- Ring of true-broadband for Auckland region
- Connects 40 substations and 41 Telecom exchanges
- Modest net capital investment; no impact on gearing

Metering update

- JV with Siemens has established AMS
- Optimal market model
- First significant tranche of advanced metering contracted
- Started working with industry participants

Regulatory update

- Regulatory situation an industry-wide matter
- Commerce Act review positive step from Govt
- Timing issue, with Commerce Commission now starting resetting process ahead of legislative change
- Vector believes transition period best until new order established
- Meanwhile Vector participating in reset process now in initial stage
- Electricity pricing administrative settlement progressing
- Auckland gas pricing conference next week

Security of supply

- Major issue – generation and transmission constraints
- Vector's actions and views -

TRANSMISSION

- Positive dialogue with Transpower on wider transmission grid issues
- Constructive discussions with Electricity Commission re coordinating upgrades

GENERATION

- Support more renewable energy sourcing
- But Auckland realistically needs new, energy-efficient, gas-fired generation for peaking
- Investment in windfarm, exclusive arrangement with solar energy developer



Financial Details

Acting Chief Financial Officer
Chris Gallaher

Results summary

Six months ended 31 December

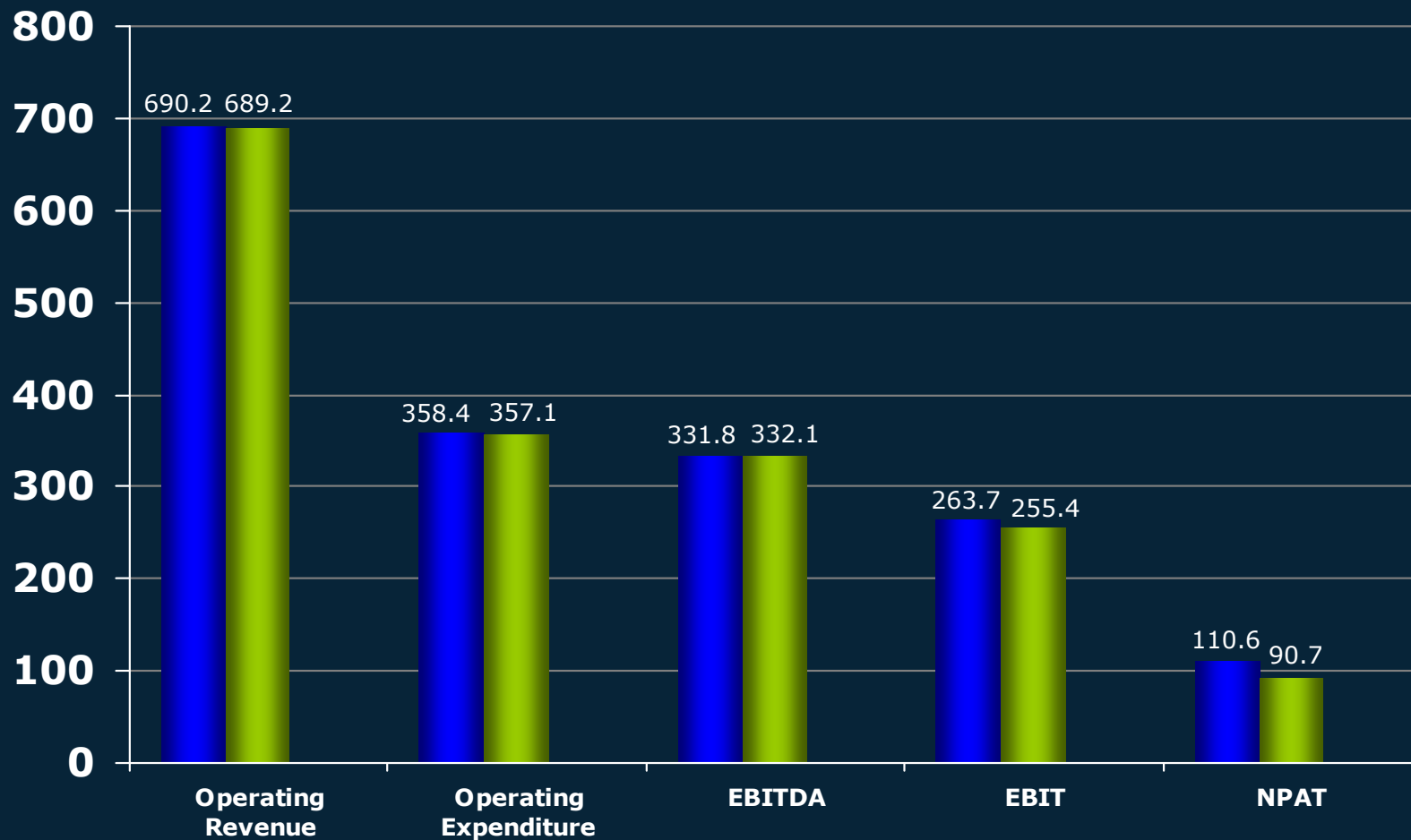
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Group financial results

Six months ended 31 December

2006 2007

\$ millions



Divisional results



Six months ended 31 December

2007 \$millions	Electricity	Gas	Technology	Corporate /Other	Inter-segment	Total
Operating Revenue	329.9	347.4	35.4	1.9	(25.4)	689.2
Operating Expenditure	(118.6)	(219.2)	(11.8)	(32.9)	25.4	(357.1)
EBITDA	211.3	128.2	23.6	(31.0)	--	332.1
% Revenue	64.1%	36.9%	66.6%	N/A	N/A	48.2%
EBIT	173.4	106.9	12.3	(37.2)	--	255.4

2006 \$millions	Electricity	Gas	Technology	Corporate /Other	Inter-segment	Total
Operating Revenue	324.0	353.4	33.2	3.9	(24.3)	690.2
Operating Expenditure	(123.2)	(216.8)	(10.0)	(32.7)	24.3	(358.4)
EBITDA	200.8	136.6	23.2	(28.8)	--	331.8
% Revenue	62.0%	38.6%	70.0%	N/A	N/A	48.1%
EBIT	163.1	116.1	17.0	(32.5)	--	263.7

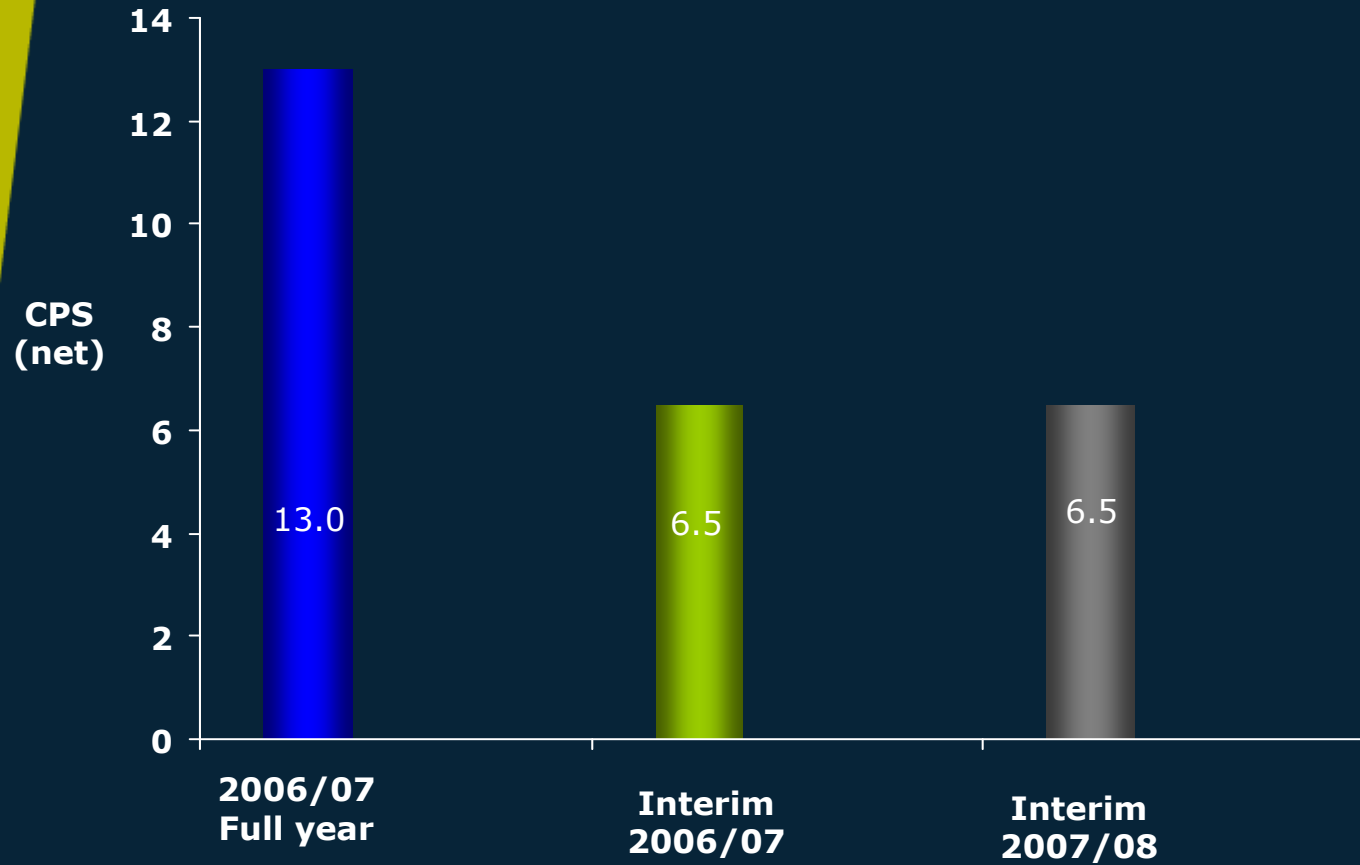
Operating cash flow



Six months ended 31 December

\$ millions	2007	2006	2006/07 Full year
EBITDA	332.1	331.8	605.3
Net interest paid	(118.2)	(106.8)	(222.3)
Tax paid	(12.1)	(10.9)	(59.2)
Non cash items	1.2	(6.0)	3.9
Change in operating working capital	(9.7)	22.3	30.3
Operating cash flow	193.3	230.4	358.0
Dividends to Vector shareholders	(65.0)	(60.0)	(125.0)
Capex	(124.3)	(134.9)	(262.6)
	4.0	35.5	(29.6)

Dividend



- All dividends fully imputed

Capital expenditure (\$105.9 million)

Six months ended 31 December 2007 (on an accruals basis)

- Electricity - \$74.3 million, comprising

\$m	Growth	Maintenance/ Improvement	Total
Auckland	12.9	13.4	26.3
Northern	18.9	15.1	34.0
Wellington	5.2	8.8	14.0
Total	37.0	37.3	74.3

- Gas – \$14.9 million
 - (\$9.8m growth; \$5.1m maintenance/improvement)
- Technology - \$10.2 million
- Other - \$6.5 million

Capital structure

as at 31 December under IFRS

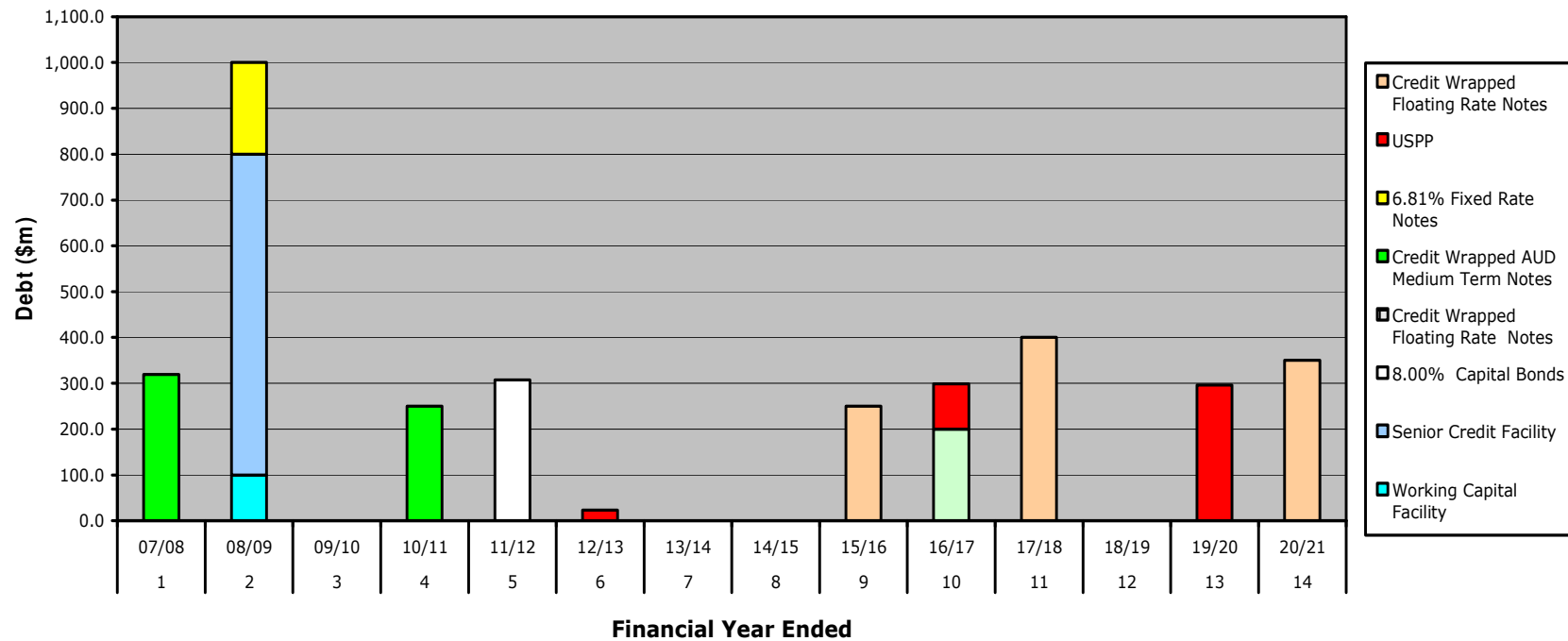
Asset Backing and Capital Structure		2007	2006	2006/07 Full Year
Net Debt	\$m	3,001.5	2,918.2	2,947.7
Equity/Total assets	%	33.6	32.0	33.0
Debt ⁽¹⁾ /Debt ⁽¹⁾ +Equity	%	60.4	61.5	60.4
Interest (net) cover	X times	2.1	2.3	2.0

No change in net debt (excluding NZIFRS adjustments) from June 2007

(1) Net debt

Debt facilities profile

Consolidated Group Debt Maturity Profile



1-2 years 37.75%

2-5 years 15.96%

5+ years 46.31%

Summary & outlook

- Business continues to track on budget
- Refinancing options available
- Other key developments in place, under way
- Focus on regulatory issues progress
- Set to comfortably meet or exceed analyst expectations to 30 June 2008

Questions?